



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 25, 2000

H.R. 4716 **Veterans Travel Fairness Act**

As introduced on June 21, 2000

SUMMARY

H.R. 4716 would increase the rate of reimbursement by the Department of Veterans Affairs (VA) to beneficiaries for travel in privately owned motor vehicles. CBO estimates that implementing the bill would cost about \$88 million in 2001 and \$462 million over the 2001-2005 period, assuming appropriation of the necessary amounts. In addition, the bill would increase direct spending by about \$2 million in 2001 and \$10 million over the 2001-2005 period. Because the bill would affect direct spending, pay-as-you-go procedures would apply. H.R. 4716 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the bill is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

BASIS OF ESTIMATE

H.R. 4716 would change the rate of reimbursement for veterans who travel to VA facilities to equal that paid to federal employees traveling on official business. Currently, VA reimburses veterans traveling to VA medical facilities at the rate of 11 cents a mile for medical care and 17 cents a mile for an examination to determine eligibility for disability compensation or pension. Disabled veterans traveling for vocational rehabilitation also receive 11 cents per mile. Federal employees currently receive 32.5 cents per mile for official travel.

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Medical Care						
Estimated Authorization Level ^a	19,493	20,430	21,112	21,473	22,176	22,877
Estimated Outlays	18,791	20,059	20,902	21,369	21,947	22,609
Proposed Changes						
Estimated Authorization Level	0	98	92	93	95	97
Estimated Outlays	0	88	90	92	95	97
Spending Under H.R. 4716 for Medical Care						
Estimated Authorization Level	19,493	20,528	21,204	21,566	22,271	22,974
Estimated Outlays	18,791	20,147	20,992	21,461	22,042	22,706
DIRECT SPENDING						
Spending Under Current Law for Readjustment Benefits						
Estimated Budget Authority	1,459	1,473	1,489	1,512	1,545	1,587
Estimated Outlays	1,459	1,473	1,489	1,512	1,545	1,587
Proposed Changes						
Estimated Budget Authority	0	2	2	2	2	2
Estimated Outlays	0	2	2	2	2	2
Spending Under H.R. 4716 for Readjustment Benefits						
Estimated Budget Authority	1,459	1,475	1,491	1,514	1,547	1,589
Estimated Outlays	1,459	1,475	1,491	1,514	1,547	1,589

a. The figure shown for the 2000 level is the amount appropriated for that year. The 2001-2005 levels are CBO baseline projections with adjustments for anticipated inflation. If inflation adjustments are not included, those levels would remain at \$19,493.

Spending Subject to Appropriation

The Veterans Health Administration estimates the 1999 expenditure for travel reimbursement was \$38 million for veterans receiving medical care and \$3 million for veterans traveling for disability examinations. In estimating the bill's discretionary costs, CBO assumed that the federal reimbursement rate would increase from 32.5 cents to 33.5 cents in 2001 and by

2.5 percent annually thereafter, and the application rate for travel reimbursement would increase by about 10 percent in 2001 because of the higher rate of reimbursement.

Direct Spending

The Veterans Benefit Administration estimates the 1999 expenditure for travel reimbursement was roughly \$1 million for veterans receiving vocational rehabilitation. Assuming the same increases in reimbursement and application rates that were made for medical care expenses, CBO estimates that H.R. 4716 would raise direct spending by \$2 million in 2001, \$10 million over the 2001-2005 period, and \$21 million over the 2001-2010 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	2	2	2	2	2	2	2	2	2	2
Changes in receipts											

Not applicable

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4716 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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